

## REMARKS

This is intended as a full and complete response to a Notice of Non-Compliant Amendment dated September 17, 2004, having a shortened statutory period for response set to expire on October 17, 2004.

The Examiner stated that the reply filed on May 24, 2004, is not fully responsive to the prior Office Action because the reply fails to present arguments pointing out specific distinctions to render newly submitted claims 31-34 patentable over any applied references.

As stated in the reply filed on May 24, 2004, claim 31 is claim 17 written in independent form which the Examiner indicated would be allowable if rewritten in independent form including all of the limitations of the base claim and any intervening claims. In this respect, Applicant believes that the references cited by the Examiner, alone or in combination, do not teach, show, or suggest a rotary drill bit for milling casing material and drilling subterranean formation material, comprising a bit body having a shank portion and a matrix portion for interconnection to a drill string, and a plurality of cutting elements extending from the matrix portion, a first set of the cutting elements adapted for milling casing material and a second set of the cutting elements adapted for drilling subterranean formation material, wherein the bit is bi-centered. Therefore, Applicant believes new claim 31 is in condition of allowance, and respectfully requests allowance of the same.

Additionally, claims 32-34 were added to capture aspects of the present invention. Regarding claim 32, Applicant believes that the references cited by the Examiner, alone or in combination, do not teach, show, or suggest a rotary drill bit having a bit body with a plurality of cutting elements extending from the bit body, a first set of the cutting elements adapted for milling casing material and a second set of the cutting elements adapted for drilling subterranean formation material, wherein the bit is bi-centered. Regarding claim 33, Applicant believes that the references cited by the Examiner, alone or in combination, do not teach, show, or suggest a rotary drill bit for milling casing material and drilling subterranean formation material, comprising a bit body, a set of the cutting elements adapted for drilling subterranean formation material and a

cylinder of material surrounding a portion of the bit body. Regarding claim 34, Applicant believes that the references cited by the Examiner, alone or in combination, do not teach, show, or suggest a rotary drill bit for milling casing material and drilling subterranean formation material, comprising a bit body having a plurality of cutting elements extending from the bit body a first set of the cutting elements adapted for milling casing material and a second set of the cutting elements adapted for drilling subterranean formation material, wherein the first and second sets are arranged in a common radial row and the first and second sets of cutting elements have substantially equal tip exposure. Therefore, Applicant believes new claims 32-34 are in condition for allowance, and respectfully requests allowance of the same.

### CONCLUSION

Having addressed all issues set out in the Notice of Non-Responsive Amendment, Applicant respectfully submits that the claims are in condition for allowance and respectfully requests that the claims be allowed.

Respectfully submitted,

  
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